

SENATE BILL No. 452

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-3-11.

Synopsis: Tax credit for dependent care. Provides a dependent care tax credit against an individual's Indiana adjusted gross income tax for employment related dependent care expenses. Specifies that the credit is equal to 25% of the federal dependent care credit for which the taxpayer is eligible for the taxable year for federal income tax purposes.

Effective: January 1, 2002.

Simpson

January 18, 2001, read first time and referred to Committee on Finance.

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First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

SENATE BILL No. 452

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3-3-11 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2002]: **Sec. 11. (a) As used in this section,**
4 **"employment related dependent care expenses" means amounts**
5 **that are:**

- 6 (1) **paid for the care of a qualifying individual; and**
7 (2) **incurred to enable an individual taxpayer, including an**
8 **individual taxpayer's spouse in the case of a joint return, to be**
9 **gainfully employed.**

10 **The term does not include an amount paid for services outside the**
11 **taxpayer's household at a camp where a qualifying individual stays**
12 **overnight.**

13 **(b) As used in this section, "qualifying individual" means an**
14 **individual:**

- 15 (1) **who is less than thirteen (13) years of age and for whom**
16 **the taxpayer is entitled to a deduction for federal income tax**
17 **purposes under Section 151(c) of the Internal Revenue Code;**



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1 (2) a dependent of the taxpayer who is physically or mentally
2 incapable of caring for himself or herself; or

3 (3) the spouse of the individual, if the spouse is physically or
4 mentally incapable of caring for himself or herself.

5 (c) An individual taxpayer, including an individual taxpayer's
6 spouse in the case of a joint return, who has employment related
7 dependent care expenses during the taxable year is entitled to a
8 credit against the adjusted gross income tax imposed by IC 6-3-1
9 through IC 6-3-7 for the taxable year in the amount specified in
10 subsection (d).

11 (d) The credit allowed by this section is an amount equal to
12 twenty-five percent (25%) of the federal dependent care credit for
13 which the taxpayer is eligible for the taxable year under Section 21
14 of the Internal Revenue Code.

15 (e) The credit allowed by this section may not exceed the amount
16 of the adjusted gross income tax imposed by IC 6-3-1 through
17 IC 6-3-7 for the taxable year, reduced by the sum of all credits (as
18 determined without regard to this section) allowed by IC 6-3-1
19 through IC 6-3-7.

20 SECTION 2. [EFFECTIVE JANUARY 1, 2002] IC 6-3-3-11, as
21 added by this act, applies only to taxable years that begin after
22 December 31, 2001.

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